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SUBJECT: JAPAN'S FIRST AMBASSADOR TO THE FSM DOWNPLAYS EXPECTATIONS -  
CHINA MOVES INTO THE SAME EMBASSY BUILDING

CLASSIFIED BY: Miriam K. Hughes, Ambassador, Amembassy Kolonia,  
State.

REASON: 1.4 (b)

¶1. (C) Summary. Japan's first resident ambassador to the Federated States of Micronesia (FSM) presented his credentials on June 24. He conveyed an exceptionally brief message of good will on the part of the Emperor, omitting reference to specific goals. Japanese Ambassador Shoji Sato said privately he had low expectations for progress in the FSM. He highlighted President Hu Jintao's visit to Japan last May as a sign of Japan's improving ties with China. In the meantime, China has expanded its Embassy staff in Kolonia to eight officers. Two of them have moved into office space directly beneath a floor occupied by the Embassy of Japan. This site affords a direct line of vision into the Australian Embassy, which is located across the street. End Summary.

#### JAPANESE AMBASSADOR MUTES A HISTORIC OCCASION

¶2. (SBU) At a ceremony to present his credentials to the Government of the Federated States of Micronesia (GFSM) on June 24, Japan's first resident ambassador spoke briefly and made no promises. Japanese Ambassador Shoji Sato, who is a career diplomat, conveyed a message of "good will and friendly relations" on behalf of the Emperor. Based in the FSM, Sato will also be accredited to Palau and the Republic of the Marshall Islands (RMI).

¶3. (SBU) By contrast, FSM President Emanuel Mori waxed euphoric about Japan's role as "a dedicated development partner," which has provided generous assistance projects, particularly in the areas of climate change adaptation and the environment. After 20 years of diplomatic relations between the two countries, Mori described the installation of an ambassador in the FSM as "the fulfillment of a dream." He praised Japan's commitment to regional affairs and reassured Sato of GFSM support for a seat for Japan on the UN Security Council.

¶4. (C) Sato confided privately that he feared the Micronesians would be disappointed with his level of engagement. Japan's principal development initiative would be a long discussed project to extend Pohnpei's airport runway by approximately 900 feet. Japan's Diet recently approved this USD 25 million project, supposedly at the urging of former Japanese Prime Minister Mori (no relation to FSM President Mori.) Construction bids would be sought soon, Sato said. When the runway extension is completed by an estimated timeframe of February 2010, 767-sized jets would supposedly be able to land in the FSM for the first time, competing with Continental's sole source Micronesia Air service, which is now limited to 737-model airplanes.

15. (SBU) Even with the runway expansion, however, Sato doubted whether Japan Airlines would ever establish service to the FSM. He cited the FSM's weak infrastructure, adverse weather conditions and lack of entrepreneurial initiative as barriers to tourism, commerce and airline passengers. A runway expansion would more likely attract Chinese charter flights, he speculated.

#### CHINESE EMBASSY KEEPS PACE WITH JAPAN'S DIPLOMATIC EXPANSION

16. (C) In the meantime, China's Embassy in the FSM has increased its professional staff to eight officers, including Ambassador Liu Fei. DCM You Weijun said on July 2 that two "economic and trade officers" had recently relocated from a large Chinese compound in Palikir, which is the seat of the FSM National Government, to a commercial office building in Pohnpei's capital town of Kolonia. He confirmed information previously shared by Australian Ambassador Susan Cox that these two Chinese officers would occupy space directly beneath the offices of the Embassy of Japan. The Australian Ambassador expressed quiet but strong concern that this move would position Chinese officers directly across the street from her own Mission, with "direct line of sight" vision, which apparently has happened.

17. (C) Projecting non-concern, Ambassador Sato denied information, which his DCM had previously conveyed, that the Japanese would seek to identify and lease both a new embassy building and a new ambassador's residence in Pohnpei. "We considered those options but rejected them," Shoji said, implying that the expense was not worth it to his government. Although the Government of Japan has clearly upgraded its Mission in the FSM with the assignment of the ambassador, along with a recent personnel expansion from three to seven Japanese

KOLONIA 00000098 002 OF 002

officers, Shoji seemed determined to strike a low profile.

18. (SBU) He attributed any upgrade of the Japanese Mission to the personal interest of former Japanese PM Mori, whose father served as Japan's Naval Commander in Chuuk during World War Two.

(Note: Japan ruled Micronesia from 1919 to 1945, using many of its islands as bases for brutal occupations and military fortifications.) Mori's father reportedly received protection and friendship from a village clan in Chuuk, which the former Prime Minister has visited several times, according to Sato. A succession of FSM ambassadors in Tokyo, who had persistently lobbied PM Mori to install an ambassador in Micronesia, had finally achieved their objective principally owing to PM Mori's debt of gratitude to a village in Chuuk that had saved his father's life, Sato implied.

19. (C) Ambassador Sato studiously avoided conversation about China's engagement in the FSM, perhaps because he had only just arrived. However, he pointed out that Japanese Prime Minister Yasuo Fukuda was committed to fostering improved relations with China. The visit last May of Chinese President Hu Jintao to Japan had begun to pave the way to rapprochement, he suggested.

#### BIO DATA - SHOJI SATO

110. (SBU) Ambassador Shoji Sato is a career diplomat born in 1948, who last served as Consul General in Surabaya, Indonesia. His other overseas posts have included Zambia, Sydney, Pakistan, and Seattle. Press reports indicate he served in the Ministry of Foreign Affairs in the following positions: North American Affairs Bureau, U.S. Security Treaty Division Officer (1986); Minister's Secretariat, Deputy Director in the Management and Coordination Division (1988); Economic Affairs Bureau, Senior Assistant, Developing Economic Division (2000); Minister's Secretariat, Director of Information Systems Division (2002); and Intelligence Analysis Service, Senior Coordinator (2005). Sato said he had one daughter, who graduated from Smith College and had worked in the Costco marketing division in Seattle. The daughter now works for Costco in Tokyo, he said.

HUGHES